

YONGMAO HOLDINGS LIMITED
(Company Registration No.200510649K)

**UNAUDITED SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

The initial public offering of Yongmao Holdings Limited's ("the Company") shares was sponsored by CIMB-GK Securities Pte. Ltd. This announcement has been prepared and released by the company.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1,Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group Income Statement for the period ended 30 September 2009. These figures have not been audited.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2009 (Q2 FY2010)	3 months ended 30 Sept 2008 (Q2 FY2009)	Increase/ (Decrease)	6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)	Increase/ (Decrease)
Revenue	98,478	204,917	(51.9)	194,212	411,409	(52.8)
Cost of sales	(68,809)	(142,121)	(51.6)	(139,971)	(267,667)	(47.7)
Gross profit	29,669	62,796	(52.8)	54,241	143,742	(62.3)
Other operating income	4,967	658	654.9	6,765	1,259	437.3
Administrative expenses	(12,698)	(9,901)	28.2	(24,465)	(16,274)	50.3
Distribution costs	(12,352)	(24,354)	(49.3)	(22,977)	(48,839)	(53.0)
Other operating expenses	(715)	(2,755)	(74.0)	(981)	(6,139)	(84.0)
Finance costs	(1,538)	(1,048)	46.8	(2,541)	(1,778)	42.9
Total operating expenses	(27,303)	(38,058)	(28.3)	(50,964)	(73,030)	(30.2)
Profit from operations	7,333	25,396	(71.1)	10,042	71,971	(86.0)
Share of results of an associated company	(1,741)	-	NM	(2,699)	-	NM
Profit before taxation	5,592	25,396	(78.0)	7,343	71,971	(89.8)
Taxation	(465)	(3,327)	(86.0)	(379)	(9,146)	(95.9)
Net profit for the period	5,127	22,069	(76.8)	6,964	62,825	(88.9)
Attributable to:						
Equity holders of the Company	5,397	22,069	(75.5)	8,461	62,825	(86.5)
Minority interests	(270)	-	NM	(1,497)	-	NM
Net profit for the period	5,127	22,069	(76.8)	6,964	62,825	(88.9)

NM: Not Meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2009 (Q2 FY2010)	3 months ended 30 Sept 2008 (Q2 FY2009)	Increase/ (Decrease)	6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)	Increase/ (Decrease)
Net profit for the period	5,127	22,069	(76.8)	6,964	62,825	(88.9)
Other comprehensive income:						
Exchange translation difference	2,092	(2,520)	NM	4,619	(3,759)	NM
Other comprehensive income for the period, net of tax	2,092	(2,520)	NM	4,619	(3,759)	NM
Total comprehensive income for the period	7,219	19,549	(63.1)	11,583	59,066	(80.4)
Total comprehensive income attributable to:						
Equity holders of the Company	7,489	19,549	(61.7)	13,080	59,066	(77.9)
Minority interests	(270)	-	NM	(1,497)	-	NM
Total comprehensive income for the period	7,219	19,549	(63.1)	11,583	59,066	(80.4)

Note:

The Group profit before taxation is arrived at after charging / (crediting):

	Group (Second Quarter)			Group (First Half)		
	RMB'000		%	RMB'000		%
	3 months ended 30 Sept 2009 (Q2 FY2010)	3 months ended 30 Sept 2008 (Q2 FY2009)	Increase/ (Decrease)	6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)	Increase/ (Decrease)
Amortisation of intangible assets	315	323	(2.5)	630	643	(2.0)
Depreciation of property, plant and equipment	2,631	1,534	71.5	5,296	3,094	71.2
Exchange loss	550	2,592	(78.8)	548	3,332	(83.6)
Gain on disposal of property, plant and equipment	99	30	230.0	99	30	230.0
Interest income	(121)	(547)	(77.9)	(268)	(1,148)	(76.7)
Interest expense	1,538	1,048	46.8	2,541	1,778	42.9
Operating lease rentals	4,078	1,363	199.2	8,152	2,683	203.8
Property, plant and equipment written off	13	-	NM	22	-	NM

NM: Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Sept 2009	31 March 2009	30 Sept 2009	31 March 2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current				
Property, plant and equipment	246,484	247,228	15	16
Intangible assets	3,148	3,778	-	-
Investment in subsidiaries	-	-	252,296	252,296
Associated company	6,301	-	-	-
Goodwill	23,337	23,337	-	-
	279,270	274,343	252,311	252,312
Current				
Inventories	263,762	251,146	-	-
Trade and other receivables	122,910	102,632	215	616
Available-for-sale financial assets	4,418	5,792	-	-
Amounts owing by related parties	65,213	33,659	-	-
Amounts owing by corporate shareholders of subsidiaries	10,147	8,179	-	-
Amount owing by an associated company (non-trade)	30,000	-	-	-
Amount owing by subsidiaries (non-trade)	-	-	7,692	5,677
Dividend receivable	-	-	-	-
Cash and cash equivalents	101,773	106,748	54,972	45,376
	598,223	508,156	62,879	51,669
TOTAL ASSETS	877,493	782,499	315,190	303,981
EQUITY				
Capital and Reserves				
Share capital	312,484	312,484	312,484	312,484
Reserves	153,490	150,945	767	(11,322)
Equity attributable to equity holders of the Company	465,974	463,429	313,251	301,162
Minority interests	23,752	25,249	-	-
TOTAL EQUITY	489,726	488,678	313,251	301,162
LIABILITIES				
Non-current				
Bank borrowing	50,000	50,000	-	-
Deferred tax liabilities	1,371	1,546	-	-
Trade and other payables	40,857	42,602	-	-
	92,228	94,148	-	-
Current				
Trade and other payables	181,669	139,636	1,939	2,819
Amounts owing to related parties	49,495	29,712	-	-
Amounts owing to corporate shareholders of subsidiaries	33,730	30,205	-	-
Bank borrowing	30,000	-	-	-
Tax payable	645	120	-	-
	295,539	199,673	1,939	2,819
TOTAL EQUITY AND LIABILITIES	877,493	782,499	315,190	303,981

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30 Sept 2009		As at 31 March 2009	
Secured	Unsecured ⁽¹⁾	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
30,000	71,193	-	47,238

Amount repayable after one year

As at 30 Sept 2009		As at 31 March 2009	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
50,000	-	50,000	-

Details of any collateral

The RMB80.0 million (31 March 2009 – RMB50.0 million) bank borrowings are secured by certain leasehold buildings and land use rights from a Director related company, Fushun Yongmao Engineering Machinery Co., Ltd.

The increase in bank borrowings is for the purpose of increasing the working capital and funding of acquisitions of the Group.

Note (1):

The unsecured loans include the following:

- a) RMB21.8 million (31 March 2009 – RMB21.8 million), of which RMB18.4 million (31 March 2009 – RMB18.4 million) was interest-bearing, was from a corporate shareholder to Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (“Beijing Yongmao”) for the purpose of increasing the working capital of Beijing Yongmao.
- b) RMB8.7 million (31 March 2009 – RMB8.7 million), interest-free, was from a related company of a corporate shareholder to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao.
- c) RMB6.7 million (31 March 2009 – RMB6.7 million), interest-free, was from a related party to Beijing Yongmao for the purpose of increasing the working capital of Beijing Yongmao.
- d) RMB34.0 million (31 March 2009 – RMB Nil), interest-free, was from a related party to Fushun Yongmao Construction Machinery Co., Ltd (“Fushun Yongmao”) for the purpose of increasing the working capital of Fushun Yongmao and funding the acquisitions of the Group.

The above balances are recorded in current liabilities.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group (Second Quarter)		Group (First Half)	
	RMB'000	RMB'000	RMB'000	RMB'000
	3 months ended 30 Sept 2009 (Q2 FY2010)	3 months ended 30 Sept 2008 (Q2 FY2009)	6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)
Cash flow from operating activities				
Profit before taxation	5,592	25,396	7,343	71,971
Adjustments for:				
Share of results of an associated company	1,741	-	2,699	-
Amortisation of intangible assets	315	323	630	643
Depreciation of property, plant and equipment	2,631	1,534	5,296	3,094
Gain on disposal of property, plant and equipment	99	30	99	30
Property, plant and equipment written off	13	-	22	-
Interest expense	1,538	1,048	2,541	1,778
Interest income	(121)	(547)	(268)	(1,148)
Operating profit before working capital changes	11,808	27,784	18,362	76,368
Increase in inventories	(19,608)	(17,646)	(12,616)	(60,669)
(Increase)/decrease in operating receivables	(16,561)	(114,529)	(53,289)	19,778
Increase /(decrease) in operating payables	36,661	59,268	48,685	(48,926)
Cash generated from /(used in) operations	12,300	(45,123)	1,142	(13,449)
Interest paid	(1,264)	(1,048)	(1,993)	(1,778)
Tax paid	(1)	(6,719)	(29)	(9,257)
Net cash generated from /(used in) operating activities	11,035	(52,890)	(880)	(24,484)
Cash flow from investing activities				
Cash outflow on acquisition of a subsidiary	(10,000)	-	(10,000)	-
Acquisition of property, plant and equipment	(2,587)	(30,191)	(4,614)	(40,443)
Investment in an associated company	-	-	(9,000)	-
Acquisition of intangible assets	-	-	-	(128)
Proceeds from disposal of property, plant and equipment	116	203	116	203
Proceeds from sale of available-for-sale financial assets	847	-	1,374	-
Interest received	138	547	268	1,148
Net cash used in investing activities	(11,486)	(29,441)	(21,856)	(39,220)
Cash flow from financing activities				
Bank borrowings obtained	-	-	30,000	50,000
Capital injection by minority interest	-	6,000	-	6,000
Advances from related parties	32,200	-	24,000	-
Advances to an associated company	(30,000)	-	(30,000)	-
Dividends paid	(10,535)	(22,299)	(10,535)	(27,375)
Net cash (used in)/generated from financing activities	(8,335)	(16,299)	13,465	28,625
Net decrease in cash and cash equivalents	(8,786)	(98,630)	(9,271)	(35,079)
Cash and cash equivalents at beginning of period	109,879	262,787	106,748	200,278
Exchange adjustments	680	(2,342)	4,296	(3,384)
Cash and cash equivalents at end of period	101,773	161,815	101,773	161,815

Analysis of cash and cash equivalents

Cash on hand
Bank balances
Fixed deposits

Group (First Half)	
RMB'000	RMB'000
6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)
169	454
49,524	113,670
52,080	47,691
<u>101,773</u>	<u>161,815</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Merger reserve	Retained profits	Statutory common reserve	Exchange fluctuation reserve	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current year:								
Balance as at 1 Apr 2009	312,484	(26,769)	157,184	26,224	(5,694)	463,429	25,249	488,678
Total comprehensive income for the period	-	-	3,064	-	2,527	5,591	(1,227)	4,364
Transfer from statutory common reserve	-	-	464	(464)	-	-	-	-
Balance as at 30 Jun 2009	312,484	(26,769)	160,712	25,760	(3,167)	469,020	24,022	493,042
Total comprehensive income for the period	-	-	5,397	-	2,092	7,489	(270)	7,219
Transfer from statutory common reserve	-	-	(661)	661	-	-	-	-
Dividends	-	-	(10,535)	-	-	(10,535)	-	(10,535)
Balance as at 30 Sept 2009	312,484	(26,769)	154,913	26,421	(1,075)	465,974	23,752	489,726

Group	Share capital	Merger reserve	Retained profits	Statutory common reserve	Exchange fluctuation reserve	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Previous year:								
Balance as at 1 Apr 2008	312,484	(26,769)	139,295	18,880	1,307	445,197	-	445,197
Total comprehensive income for the period	-	-	40,756	-	(1,239)	39,517	-	39,517
Transfer to statutory common reserve	-	-	(4,400)	4,400	-	-	-	-
Balance as at 30 Jun 2008	312,484	(26,769)	175,651	23,280	68	484,714	-	484,714
Total comprehensive income for the period	-	-	22,069	-	(2,520)	19,549	-	19,549
Transfer to statutory common reserve	-	-	(2,484)	2,484	-	-	-	-
Incorporation of a subsidiary	-	-	-	-	-	-	6,000	6,000
Dividends	-	-	(22,299)	-	-	(22,299)	-	(22,299)
Balance as at 30 Sep 2008	312,484	(26,769)	172,937	25,764	(2,452)	481,964	6,000	487,964

Company	Share capital	(Accumulated losses)/ Retained profits	Exchange fluctuation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Current year				
Balance as at 1 Apr 2009	312,484	(5,092)	(6,230)	301,162
Total comprehensive income for the period	-	19,778	2,720	22,498
Balance as at 30 Jun 2009	312,484	14,686	(3,510)	323,660
Total comprehensive income for the period	-	(2,088)	2,214	126
Dividends	-	(10,535)	-	(10,535)
Balance as at 30 Sept 2009	312,484	2,063	(1,296)	313,251

Company	Share capital	Retained profits/ (Accumulated losses)	Exchange fluctuation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Previous year				
Balance as at 1 Apr 2008	312,484	24,319	1,311	338,114
Total comprehensive income for the period	-	(72)	(1,353)	(1,425)
Balance as at 30 Jun 2008	312,484	24,247	(42)	336,689
Total comprehensive income for the period	-	(2,359)	(2,707)	(5,066)
Dividends	-	(22,299)	-	(22,299)
Balance as at 30 Sept 2008	312,484	(411)	(2,749)	309,324

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since 31 March 2009. As at 30 September 2009, the total number of shares issued of the Company is 443,750,000.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the end of the current financial period and as at the end of the immediately preceding year.**

	30 September 2009	31 March 2009
Total number of issued shares (excluding treasury shares)	443,750,000	443,750,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2009. The presentation of financial statements is in accordance with FRS 1 which is effective from 1 April 2009, except as disclosed in Paragraph 5.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the same accounting policies and method of computation as the audited financial statements for the financial year ended 31 March 2009. The presentation of financial statements is in accordance with FRS 1 which is effective from 1 April 2009. The adoption of the new or revised FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group (Third Quarter) RMB'000		Group (Nine Months) RMB'000	
	3 months ended 30 Sept 2009 (Q2 FY2010)	3 months ended 30 Sept 2008 (Q2 FY2009)	6 months ended 30 Sept 2009 (First Half FY2010)	6 months ended 30 Sept 2008 (First Half FY2009)
Earnings of the Group, after deducting any provision for preference dividends (in RMB'000):	5,397	22,069	8,461	62,825
Weighted average no. of shares used in computation of basic earning per shares	443,750,000	443,750,000	443,750,000	443,750,000
Earnings per share (in cents RMB)				
(a) Based on weighted average number of ordinary shares on issue	1.22	4.97	1.91	14.16
(b) On a fully diluted basis	1.22	4.97	1.91	14.16

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30 Sept 2009	31 Mar 2009	30 Sept 2009	31 Mar 2009
Net asset value per ordinary share (RMB cents)	105.00	104.43	70.59	67.87

Net asset value per share for the Group and Company for 30 September 2009 and 31 March 2009 has been computed based on shareholder's equity as at the respective dates and the number of shares of 443,750,000 ordinary shares.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF INCOME STATEMENT OF THE GROUP

Second Quarter FY2010 ("Q2 FY2010") vs Second Quarter FY2009 ("Q2 FY2009")

Revenue

Group revenue decreased 51.9% to RMB98.5 million in Q2 FY2010 as compared to RMB204.9 million in Q2 FY2009 mainly due to lower export sales as the impact of the weak global economy and financial condition continued to affect the demand for our products. Export sales to USA, Europe, Middle East, Asia (outside the PRC) and others declined by 84.4% as compared to Q2 FY2009.

Nevertheless, the decline in export revenue was partly mitigated by an improvement in sales in the PRC by 10.2% as compared to Q2 FY2009 as the Group focused its marketing effort in the domestic PRC market. Overall, domestic PRC sales formed 78.7% of revenue in Q2 FY2010, up from 34.3% in Q2 FY2009.

Gross profit and gross profit margin

Gross profit reduced to RMB29.7 million in Q2 FY2010 from RMB62.8 million in Q2 FY2009. The decline was due to both lower revenue and lower gross profit margin.

Average gross profit margin decreased to 30.1% in Q2 FY2010 from 30.6% in Q2 FY2009. The decline was mainly attributed to lower sales in Europe and the USA of the higher margin Luffing and STT series towercranes. Average selling price of towercranes was also lower due to price competition in our key markets.

Other operating income

Other operating income increased by RMB4.3 million in Q2 FY2010 mainly due to government grants of RMB4.0 million received for the subsidy of bank loan interest and for the successful listing of the Group previously.

Operating expenses

Total operating expenses decreased to RMB27.3 million in Q2 FY2010 mainly due to lower distribution and other operating expenses.

Distribution costs decreased to RMB12.4 million in Q2 FY2010 as freight and transportation cost and sales commission reduced due to lower export sales. This decline was partly offset by higher factory rental.

Other operating expenses decreased by RMB2.0 million in Q2 FY2010 mainly due to reduction of foreign exchange loss as export sales declined in Q2 FY2010.

Administrative expenses increased to RMB12.7 million in Q2 FY2010 mainly due to the inclusion of administrative expenses of the new subsidiaries, Beijing Yongmao and Wuxi Yongmao Tower Crane Co., Ltd ("Wuxi Yongmao").

Finance cost increased to RMB1.5 million in Q2 FY2010 due to higher bank borrowings and loan from a corporate shareholder of a subsidiary.

Share of results of an associated company

Share of results of an associated company was a loss of RMB1.7 million. The newly set up associated company, Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd ("BJTH") has just commenced operations in May 2009. The Group's share of the profits from the associated company was RMB0.2 million. This was offset by the unrealised profit of RMB1.9 million from the sale of towercranes to the associated company adjusted on consolidation.

Taxation

Income tax expense was reduced by RMB2.9 million in Q2 FY2010 in line with the lower profit for the period.

Profit before tax and Net profit attributable to shareholders

Profit before tax decreased by RMB19.8 million to RMB5.6 million in Q2 FY2010 and net profit attributable to shareholders decreased by RMB16.7 million from RMB22.1 million in Q2 FY2009 to RMB5.4 million in Q2 FY2010. This was mainly due to lower revenue for the period.

First Half FY2010 (“1H FY2010”) vs First Half FY2009 (“1H FY2009”)**Revenue**

Group revenue decreased 52.8% to RMB194.2 million in 1H FY2010 as compared to RMB411.4 million in 1H FY2009 mainly due to lower export sales as the impact of the weak global economy and financial condition continued to affect the demand for our products. Export sales to USA, Europe, Middle East, Asia (outside the PRC) and others declined by 84.8% as compared to 1H FY2009.

Nevertheless, the decline in export revenue was partly mitigated by an improvement in sales in the PRC by 26.6% as compared to 1H FY2009 as the Group focused its marketing effort in the domestic PRC market. Overall, domestic PRC sales formed 77.1% of revenue in 1H FY2010, up from 28.7% in 1H FY2009.

Gross profit and gross profit margin

Gross profit reduced to RMB54.2 million in 1H FY2010 from RMB143.7 million in 1H FY2009. The decline was due to both lower revenue and lower gross profit margin.

Average gross profit margin decreased to 27.9% in 1H FY2010 from 34.9% in 1H FY2009. The decline was mainly attributed to higher proportion of sales in the PRC of the lower margin ST series towercranes. Average selling price of towercranes was also lower due to price competition in our key markets. Per unit cost of towercranes has also increased as a result of the lower production volume in 1H FY2010.

Other operating income

Other operating income increased by RMB5.5 million in 1H FY2010 mainly due to government grants of RMB5.3 million received for the successful listing of the Group previously, for the subsidy of bank loan interest and for the technical development of towercranes.

Operating expenses

Total operating expenses decreased to RMB51.0 million in 1H FY2010 mainly due to lower distribution and other operating expenses.

Distribution costs decreased to RMB23.0 million in 1H FY2010 as freight and transportation cost and sales commission reduced due to lower export sales. This decline was partly offset by higher factory rental.

Other operating expenses decreased by RMB5.2 million in 1H FY2010 mainly due to reduction of foreign exchange loss as export sales declined in 1H FY2010. In addition, there was also a RMB2.5 million donation made in 1H FY2009 in aid of the relief effort and the rebuilding programme for those affected by the Szechuan earthquake.

Administrative expenses increased to RMB24.5 million in 1H FY2010 mainly due to the inclusion of administrative expenses of the new subsidiaries, Beijing Yongmao and Wuxi Yongmao.

Finance cost increased to RMB2.5 million in 1H FY2010 was mainly due to the increase in bank borrowing and loan from a corporate shareholder of a subsidiary.

Share of results of an associated company

Share of results of an associated company was a loss of RMB2.7 million. The newly set up associated company, Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd (“BJTH”) has just commenced operations in May 2009. The Group’s share of the profits from the associated company was RMB0.3 million. This was offset by the unrealised profit of RMB3.0 million from the sale of towercranes to the associated company adjusted on consolidation.

Taxation

Income tax expense was reduced by RMB8.8 million in 1H FY2010 in line with the lower profit for the period.

Profit before tax and Net profit attributable to shareholders

Profit before tax decreased by RMB64.6 million to RMB7.3 million in 1H FY2010 and net profit attributable to shareholders decreased by RMB54.3 million from RMB62.8 million in 1H FY2009 to RMB8.5 million in 1H FY2010. This was mainly due to lower revenue and gross profit margin.

Second Quarter FY2010 (“Q2 FY2010”) vs First Quarter FY2010 (“Q1 FY2010”)**Revenue**

Group revenue increased 2.9% to RMB98.5 million in Q2 FY2010 as compared to RMB95.7 million in Q1 FY2010 mainly due to an improvement in export sales to Asia (outside the PRC) by 468.0% as compared to Q1 FY2010. Sales in the PRC also increased by 7.4% as compared to Q1 FY2010 as the Group focused its marketing effort in the domestic PRC market.

Gross profit and gross profit margin

Gross profit increased to RMB29.7 million in Q2 FY2010 from RMB24.6 million in Q1 FY2010. The increase was due to both higher revenue and higher gross profit margin.

Average gross profit margin increased to 30.1% in Q2 FY2010 from 25.7% in Q1 FY2010. The increase was mainly attributed to increase in sales mix of higher margin Luffing and STT series towercranes. Overall, per unit cost of towercranes has also decreased as a result of higher production volume in Q2 FY2010 as compared to Q1 FY2010.

Other operating income

Other operating income increased by RMB3.2 million in Q2 FY2010 mainly due to government grants of RMB2.7 million received for the subsidy of bank loan interest.

Operating expenses

Total operating expenses increased by RMB3.6 million in Q2 FY2010 mainly due to higher distribution costs and administrative expenses.

Administrative expenses increased to RMB12.7 million in Q2 FY2010 mainly due to higher employment benefits costs incurred from the increase in number of staff employed.

Distribution costs increased to RMB12.4 million in Q2 FY2010 as freight and transportation cost increased in line with the increase in sales.

Finance cost increased to RMB1.5 million in Q2 FY2010 due to higher bank borrowing.

Share of results of an associated company

Share of results of an associated company was a loss of RMB1.7 million, an increase of RMB0.8 million. This was mainly due to higher unrealised profit from the increased sale of towercranes to the associated company adjusted on consolidation.

Taxation

Income tax expense was increased to RMB0.5 million in Q2 FY2010 in line with the higher profit for the period.

Profit before tax and Net profit attributable to shareholders

Profit before tax increased by RMB3.8 million from a profit of RMB1.8 million in Q1 FY2010 to RMB5.6 million in Q2 FY2010 and net profit attributable to shareholders increased by RMB2.3 million from a profit of RMB3.1 million in Q1 FY2010 to a profit of RMB5.4 million in Q2 FY2010. This was mainly due to higher revenue and gross profit margin in Q2 FY2010.

REVIEW OF FINANCIAL POSITION OF THE GROUP

Non-current Assets

Non-current assets increased by RMB4.9 million to RMB279.3 million as at 30 September 2009 mainly due to investment of RMB9.0 million in an associated company, partly offset by the share of loss of the associated company.

Current Assets

Current assets increased by RMB90.1 million to RMB598.2 million as at 30 September 2009.

Inventories increased by RMB12.6 million in anticipation of the higher domestic demand.

Trade and other receivables increased by RMB20.3 million mainly due to higher credit sales within PRC.

Amount due from related parties increased mainly due to slower trade debts received from related parties.

Amount owing by an associated company (non-trade) refers to an RMB30.0 million advances made to an associated company for its working capital purpose.

Non-current Liabilities

Non-current bank borrowing refer to a 3-year term bank loan of RMB50.0 million taken in FY2009 for working capital and for financing acquisition activities of the Group.

Deferred tax liabilities arose from the acquisition of Beijing Yongmao. Non-current trade and other payables relate to a defined benefit plan obligation sponsored by Beijing Yongmao.

Current Liabilities

Current liabilities increased by RMB95.9 million to RMB295.5 million as at 30 September 2009 mainly due to a 1-year term bank loan of RMB30.0 million taken during the period for working capital and for financing acquisition activities of the Group. In addition, trade and other payables increased due to higher inventory purchases made towards the end of the period.

Amounts owing to related parties increased to RMB49.5 million as at 30 September 2009 mainly due to advances of RMB34.0 million made by a related party for the purpose of increasing the working capital of Fushun Yongmao and for the purpose of funding the acquisitions of the Group. This was partly offset by the final purchase consideration of RMB10.0 million paid for the acquisition of Beijing Yongmao.

Shareholders' Equity

As at 30 September 2009, shareholders' equity amounted to RMB466.0 million. The increase in shareholders' equity was mainly due to net profit for 1H FY2010.

REVIEW OF CASHFLOW STATEMENT

Second Quarter FY2010 ("Q2 FY2010") vs Second Quarter FY2009 ("Q2 FY2009")

The Group reported a net decrease in cash and cash equivalents amounting to RMB8.8 million in Q2 FY2010 mainly due to:

- a) Net cash generated from operating activities in Q2 FY2010 of RMB11.0 million from profits generated for the period;
- b) Net cash used in investing activities from the payment of final purchase consideration of RMB10.0 million for the acquisition of Beijing Yongmao and acquisition of property, plant and equipment; and
- c) Net cash used in financing activities from advances made to an associated company and dividends paid, partly offset by advances received from a related party.

First Half FY2010 (“1H FY2010”) vs First Half FY2009 (“1H FY2009”)

The Group reported a net decrease in cash and cash equivalents amounting to RMB9.3 million in 1H FY2010 mainly due to:

- a) Net cash used in operating activities in 1H FY2010 of RMB0.9 million from increase in operating receivables and inventory resulting from slower collection of trade debts and more inventory purchases respectively. This was offset partly by the higher operating payables from reduced payments to trade creditors;
- b) Net cash used in investing activities from the payment of final purchase consideration of RMB10.0 million for the acquisition of Beijing Yongmao, investment in associated company and acquisition of property, plant and equipment; and
- c) Net cash generated from financing activities from bank borrowing received and advances received from a related party, partly offset by advances made to an associated company and dividends paid.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The financial and economic crisis which has significantly affected the demand for our products in our export markets such as USA, Europe and Middle East may have abated with the various economies including the US and the EU showing signs of emerging out of recession. However, the global economic outlook remains cautious as there is still a great deal of uncertainty about the pace of economic recovery. The Group expects business environment in our principal export markets to continue to be challenging going forward and this is likely to continue to affect our export sales for the current financial year.

Notwithstanding, the Group believes that the PRC Government's financial stimulus package is likely to contribute to the sustained growth of the PRC economy and increase the demand for construction equipment including towercranes in the PRC. With the expected growth in the PRC's economy in 2009 and 2010, sales in the PRC is expected to form a significant portion of the Group's turnover. To tap into this opportunity, the Group intends to continue to channel its efforts and resources to the domestic PRC market to participate in the various infrastructure projects including the development of road and railway transportation networks, nuclear power plants and shipyards.

The Group will continue to monitor the economic situation, and evaluate and refine its strategy in its various markets accordingly.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared or recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend has been declared or recommended in Q2 FY2009.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Segmental information is presented in respect of the Group's geographical segments. In presenting information on the basis of geographical segments, segment revenue and trade receivables are based on the geographical location of customers. Segment information by business segments is not presented as the Group's business relates solely to the manufacture and sales of tower cranes and tower crane components.

Revenue	Middle East, Asia & Others (excluding PRC) RMB'000	USA & Europe RMB'000	PRC RMB'000	Consolidated RMB'000
FY2010				
Q2	13,875	7,093	77,510	98,478
1H	26,794	17,717	149,701	194,212
FY2009				
Q2	105,040	29,526	70,351	204,917
1H	200,145	93,061	118,203	411,409

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See Paragraph 8.

15. A breakdown of sales and profit after taxation

Not applicable.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	Latest Full Year (\$\$)	Previous Full Year (\$\$)
Ordinary	-	-
Preference	-	-
Total:	-	-

17. Interested Party Transactions

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)			
	3 months ended 30 Sep 2010 (Q2 FY2010) RMB'000	3 months ended 30 Sep 2009 (Q2 FY2009) RMB'000	6 months ended 30 Sep 2010 (First Half FY2010) RMB'000	6 months ended 30 Sep 2009 (First Half FY2009) RMB'000	3 months ended 30 Sep 2010 (Q2 FY2010) RMB'000	3 months ended 30 Sep 2009 (Q2 FY2009) RMB'000	6 months ended 30 Sep 2010 (First Half FY2010) RMB'000	6 months ended 30 Sep 2009 (First Half FY2009) RMB'000
Sales to related parties								
Shanghai Tat Hong Equipment Rental Co., Ltd. (上海达丰机械租赁有限公司)	-	-	-	-	-	928	4,542	22,858
China Nuclear Huaxing TatHong Machinery Construction Co. Ltd (中核华兴达丰机械工程有限公司)	-	-	-	-	270	20,433	1,937	27,344
Jiangsu Zheng He TatHong Equipment Rental Co., Ltd (江苏正和达丰机械租赁有限公司)	-	-	-	-	14,119	-	48,397	-
Beijing Tat Hong Zhaomao Equipment Rental Co., Ltd (北京达丰兆茂机械租赁有限公司)	-	-	-	-	12,513	-	20,603	-
Purchases from related parties								
Beijing Yongmao Jiangong Machinery Manufacturing Co., Ltd (北京永茂建工机械有限公司) ⁽¹⁾	-	-	-	-	-	67,896	-	107,294
Rental charged by a related party								
Fushun Yongmao Engineering Machinery Co., Ltd (抚顺永茂工程机械有限公司)	2,100	-	4,200	-	-	-	-	-

Note (1): On 9 January 2009, the Group acquired 66% of the registered capital of Beijing Yongmao. Consequently, Beijing Yongmao is now a subsidiary of the Group and ceased to be a related party to the Group on that date.

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, the Executive Directors of Yongmao Holdings Limited ("the Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the six months ended 30 September 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tian Ruo Nan
Chief Executive Officer
9 November 2009